



Donald L. Carcieri
Governor

NEWS

Office of the Governor

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CARCIERI CREATES OFFICE OF HEALTH AND HUMAN SERVICES

Initiative Marks First Step In Realizing \$70 Million in 'Fiscal Fitness' Savings

Governor Donald L. Carcieri today announced that he has signed an Executive Order creating the Office of Health and Human Services, which is designed to facilitate cooperation among the five state agencies that administer Rhode Island's critical health care and social service programs. The creation of the Office represents the first step in the Governor's plan to institute a cabinet-level Health and Human Services Secretariat --- one of the key recommendations for management efficiency identified by the Governor's *Fiscal Fitness* program, formerly known as the Big Audit.

The Governor noted that a centralized administrative structure will help ensure the realization of more than \$70 million in savings throughout the health and human services cluster. Representatives of the *Fiscal Fitness* program will play a key role in developing the Office.

The new Office will be headed by Jane Hayward, who will serve as Managing Director. Ms. Hayward will continue in her role as Director of the Department of Human Services (DHS), and Interim Director of the Department of Mental Health, Retardation and Hospitals (MHRH). Ronald A. Lebel will continue as acting director at Human Services. Kathleen M. Spangler will assume the role of acting director at MHRH. Both will oversee the day-to-day operations of the departments.

"In my inaugural address, I noted that managing state government more effectively was one of the keys to Rhode Island's future success," Governor Carcieri said. "In an effort to identify and eliminate inefficiencies, I instituted a Fiscal Fitness program, in which a team of 60 state employees spent eight months performing a comprehensive analysis of the inner workings of state government."

"Not surprisingly, the Fiscal Fitness team found that Rhode Island gets very high marks for our commitment to providing for our most vulnerable citizens," Carcieri continued. "The programs administered by our five state health and human service agencies are among the top in the nation. This is a credit to the determination and hard work of thousands of dedicated state employees."

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“At the same time, however, the Fiscal Fitness team reported that we do a poor job of coordinating those services across departments,” the Governor said. “Additionally, there is a great deal of administrative overlap among departments. These inefficiencies significantly increase the cost of these important programs to taxpayers, while inhibiting our ability to serve clients effectively and efficiently.”

“The Fiscal Fitness team demonstrated that we need a central, cabinet-level office to coordinate the delivery of important health care and social welfare services,” Carcieri continued. “Coordination of services through this new office will improve policy and planning development, while realizing savings through the shared buying of services and through the centralized purchasing, finance and training. In total, the creation of a central Office or Secretariat of Health and Human Services would save Rhode Island taxpayers more than \$70 million per year, while ensuring a more focused and thoughtful approach to the services we provide.”

“In conclusion, I would like to reiterate that our primary goal is to change the way that we do business so that we can focus our efforts more directly on the important business we do. In the end, these reforms are not just about savings, but about our ability to continue to provide critical state services to the neediest, most vulnerable, fragile Rhode Islanders,” Governor Carcieri concluded.

Rhode Island’s Health & Human Service Delivery System

Rhode Island’s five state health and human services agencies -- the Department of Children, Youth and Families (DCYF); the Department of Elderly Affairs (DEA); the Department of Health (DOH); the Department of Human Services; and the Department of Mental Health, Retardation and Hospitals – currently provide services to more than 284,000 Rhode Islanders. These services cost over \$2.3 billion per year, accounting for forty-one percent of all government spending. Health and human service costs are expected to increase dramatically in the coming years due to the rising demand for these services.

A recent review by Governor Carcieri’s Fiscal Fitness program demonstrated that the missions of these five departments often overlap, thus increasing costs to taxpayers. Specifically, these departments serve many of the same individuals and families. They lack centralized planning, budgeting, policy-making, communications and program coordination, resulting in impaired service delivery and inability to adequately respond to increasing demands. This lack of coordination also results in redundancies and inefficiencies in processing client benefits, inadequate tracking of client eligibility, and a failure to fully maximize bulk purchasing power.

Office of Health and Human Services

Based on these findings, the Fiscal Fitness program identified the need for a single Health and Human Services Secretariat to formalize and facilitate inter-departmental cooperation in order to eliminate redundancies, to maximize purchasing power, and to magnify the departments’ joint ability to meet client needs. The establishment of the Office of Health and Human Services represents the first step in that process.

The Office of Health and Human Services will be established in two phases. In the first phase, inter-departmental functions will be centralized into the new office. This function includes policy, planning, budgeting, financing, purchasing, procurement, pharmacy purchasing, training and staff development.

In the second phase, the Office of Health and Human Services will recommend legal, regulatory, and administrative changes necessary to create a cabinet-level Health and Human Services Secretariat. These recommendations will include plans on how best to administer, staff and coordinate health and human services delivery on behalf of all Rhode Islanders, and to provide measurable, outcome-based services. The recommendations are due on September 1, 2004.

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